

**STATE OF MICHIGAN**

**DEPARTMENT OF INSURANCE AND FINANCIAL SERVICES**

**In the matter of Affordable Care Act  
Large Group Market Transitional Policy**

---

**Order No. 15-012-M**

**Issued and entered  
this 26<sup>th</sup> day of March, 2015  
by Annette E. Flood,  
Director**

**ORDER REGARDING AFFORDABLE CARE ACT  
LARGE GROUP MARKET TRANSITIONAL POLICY**

On November 14, 2013, and March 5, 2014, the Centers for Medicare & Medicaid Services (CMS) issued guidance to states that allowed for “transitional” and “extended transitional” policies under which individual and small group market health insurance issuers could opt to renew non-ACA-compliant plans, so long as they complied with certain conditions. In the Department of Insurance and Financial Services (DIFS) Orders No. 13-055-M and No. 14-015-M, the Director implemented the transitional and extended transitional policies permitted by CMS.

Subsequent federal guidance issued by CMS has noted the availability of a third type of transitional policy referred to as the “large group market transitional policy” (LGMTP). The LGMTP is defined as policies for employers with between 51 to 100 employees for policy years beginning January 1, 2016 through October 1, 2016. The LGMTP is intended to ease the transition for employers who currently purchase coverage in the large group market but that will be re-designated, on January 1, 2016, as small group employers. This Order implements CMS’s LGMTP in Michigan.

This Order does not supersede Order No. 14-055-M, but rather clarifies it to permit employer groups with between 51 and 100 employees to purchase new large group coverage until December 31, 2015 and renew such coverage between January 1, 2016 and October 1, 2016. Eligible employer groups may, as a result, either renew their existing large group coverage or purchase new large group coverage pursuant to this Order. Unlike in the transitional and extended transitional policies, a large group

employer opting to take advantage of the LGMTTP is not required to remain with the insurer from which it had coverage in 2013 in order to be eligible. Instead, the large employer will be eligible to renew its large group plan if, between January 1, 2016 and October 1, 2016, it renews a large group employer plan that it purchased on or before December 31, 2015 from any participating issuer in the large group market.

This Order applies only to large group plans which an employer renews for a plan year beginning on any date between January 1, 2016 and October 1, 2016, and only when the issuer has opted to offer plans pursuant to this policy.

**THEREFORE, IT IS ORDERED** that the LGMTTP must comply with the following:

- From January 1, 2016 through October 1, 2016, an issuer may offer renewal of existing policies to groups with 51 to 100 employees, provided that it makes an offer of renewal to **all** of its eligible LGMTTP. An issuer does not need to have participated in the transitional and extended transitional policies in order to participate in the LGMTTP.
- Large group policies issued to or renewed by these employers at any time in 2015 may remain in force as LGMTTP for no more than one year.
- No policy issued pursuant to this Order shall remain in effect beyond October 1, 2017.
- Plans issued under the LGMTTP must comply with all ACA requirements applicable to large group market plans.
- Issuers may renew a large group transition policy before its expiration in either 2015 or 2016, but in no event any later than October 1, 2016.

**FURTHER, IT IS ORDERED** that issuers adopting the LGMTTP must submit a SERFF filing on or before October 1, 2015 which complies with the following:

- Be appropriately designated as filing type "Transitional Rate and/or Form."
- Reference the SERFF tracking number of previously-approved form filings and form changes, if applicable.
- Reference the SERFF tracking number of previously-approved rate filings for HMOs and rates changes, if applicable (e.g., HMOs).
- Include an attestation, signed by an officer of the issuer, confirming compliance with this Order.

  
Annette E. Flood  
Director